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Shaping the new world of work – The impacts of digitalisation and robotisation

Panel 7: Inequality and labour market polarisation

Participants:

- Piotr Lewandowski, Institute for Structural Research (IBS)
- John Hurley, Eurofound
- Steven Dhondt, KU Leuven and TNO

Discussant: Josef Středula, ČMKOS Czech-Moravian Confederation of Trade Unions

Moderator: Martin Myant, ETUI

Reporter: Sotiria Theodoropoulou, ETUI

John Hurley (Eurofound) used data from the Jobs Monitor database to suggest that there have been changes in job quality and quantity in Europe both before and after the crisis. The Jobs Monitor classifies in each country different jobs in occupations and then ranks them according to their wages in five quintiles from highest to lowest. There has been polarisation with greater job growth at the top-paid and lowest-paid quintiles. Polarisation continued in 2008-10 with higher job destruction in mid-paid jobs. In other words, there is evidence that job polarisation has been taking place during good times (before the crisis) and the bad.

Hurley argued that there is no evidence of pervasive polarisation *across* member states. There is a variety of outcomes and labour market institutions seem to be responsible for that variation, by mediating the effects of technological change. The observed trends suggest that there is an upgrading of jobs but polarisation in the labour market is also driven by an emerging downgrading. The analysis of Jobs Monitor data for 2011-15 suggests that the increase in permanent employment has been increasingly the privilege of well-paid jobs. Non-standard employment has been growing in all the less well-paid occupation quintiles.

Piotr Lewandowski (Institute for Structural Research-IWS) presented trends in the task composition of jobs in Central and Eastern Europe (CEE). He provided evidence that although the CEE has been experiencing a growing stock of ICT capital per worker compared to the 'leading' countries, such as the US, this stock is still relatively low. Between 1998 and 2012, there was a massive shift from manual to jobs involving cognitive tasks but, unlike trends in western economies, jobs involving routine cognitive tasks have also increased, as have their real wages. Therefore, polarisation within the CEE labour markets has been more limited. These trends can be attributed to both structural change and the higher educational attainment of the workforce in CEE. Lewandowski also attributed the rising demand for routine cognitive jobs in CEE to the economic integration with the EU. He foresaw, however, that as technology advances

and the price of technology falls, the demand routine cognitive jobs is likely to fall and warned that policy makers should be prepared for such an abrupt shift.

Stephen Dhondt (KU Leuven and TNO) presented trends about inequality and labour market policies in the Netherlands and related labour market developments to instruments that companies and trade unions have to manage technologically-induced changes. He provided evidence of job polarisation in the Netherlands with employment creation focusing on high- and low-skilled jobs. He also suggested that in spite of their high adult competences (as measured by the OECD), medium-skilled workers in the Netherlands have not been used to their potential. Dhondt argued that as disruptive technologies evolve and become adopted, employers and workers' representatives should be given more means to deal with change at the workplace. He also said that employment protection legislation granting extreme flexibility (as in the Netherlands from the 2000s) is unlikely to be beneficial for the economy when change due to technology is concerned. Last but not least, he suggested that we have to rethink the role of the public sector as a counter-balancing power to the labour market polarization caused by technology, as governments have in fact been purging medium- and low-skilled jobs, thus aggravating the situation.

Josef Stredula (CMKOS) drew the attention of the audience to the large disparity in hourly average wages between the CEE countries and the rest of the EU. He argued that workers in the CEE have not seen the expected rise in living standards from EU membership and that this can explain the large migration flows from the East to the West. In his view, the EU should focus on strengthening the social dialogue in Europe but in particular in the CEE.